

#### IV. AMENDMENTS TO THE DRAWINGS

--- Replacement and annotated mark-up drawing sheets for amended figures showing the amended figures, if any, are attached at the Appendix hereto. Each figure is in compliance with 37 C.F.R. § 1.84. An explanation of the changes, if any, is set forth below in this “Amendments to the Drawings” section. Replacement drawing sheets are identified in the top margin as “Replacement Sheet.” Any replacement drawing sheet including amended figures includes all of the figures appearing on the immediate prior version of the sheet. Any annotated drawing sheets, if the same are required by the Examiner, are identified in the top margin as “Annotated Marked-Up Drawings.” Any deleted figure is noted by an instruction to delete the figure. Any corresponding amendment to the specification necessary to be made because of an amendment to the drawings in this section is made in the corresponding “Amendments to Specification” section.

- THE DRAWINGS OF THE PATENT IS HEREBY AMENDED AS SET FORTH BELOW:
  - *No Amendment Made to the Drawings*
  - *Attachments: None*

## V. REMARKS/ARGUMENTS

- STATUS OF THE CLAIMS

Claims 1 and 4 - 15 are pending in this application. Claims 4, 11, and 12 have been amended herein.

- OBJECTIONS

- OBJECTIONS TO CLAIMS AND SPECIFICATION

- Examiner's Stance

Claims 4, 11, and 12 are objected to because of the following informalities:

in claim 4, line 3, insert --the-- between "when" and "optical";

in claim 11, line 2, delete the first occurrence of "or";

in claim 12, line 2, substitute "an" with --the--; and

in claim 12, line 3, substitute both occurrences of "such" with --the--.

- Applicants' Response

Claims 4, 11, and 12 have been amended as per the Examiner's suggestion.

- REJECTIONS

- REJECTION UNDER 35 U.S.C. §102(a, b, and e)

- REJECTION UNDER 35 U.S.C. §102(b)

- Examiner's Stance

The Examiner at paragraph 3, page 2, of the Office Action, has rejected claims Claims 11 - 15 under 35 U.S.C. 102(b) as being anticipated by Mennie et al. (US 5,992,601) (hereinafter referred to as "Mennie").

The Examiner states that Mennic teaches a method for authenticating an item comprising the steps of (a) detecting an item, or a substrate associated with the item, or a transient optical state change material associated with an optical data deformation, (b) determining the locations of such state change materials on the authentic item or substrate associated with the item, and (c) declaring the item as authentic when such detection occurs and the transient optical state change material is found at the same locations as an authentic item (figure 25);

the method wherein the transient optical state change material is associated with the optical data deformations in a manner to change the optical read of the deformations between at least two optical states when the optical data deformations are read by an optical reader;

the method wherein the optical data change is transient as the transient optical state security change material reverts back from an optical state to an initial optical state within a time interval; and

the method wherein the time interval between optical states may be predetermined.

- Applicants' Response

Applicants respectfully traverse the rejection of claims 11 – 15 under 35 U.S.C. §102(b) based on the Examiner's failure to demonstrate each and every element of the claims present in the cited reference.

Applicants assert with respect to the claims that the Examiner fails to show, for example, a teaching in the cited art of a method for authenticating an item comprising the steps of (a) detecting an item, or a substrate associated with the item, or a transient optical state change material associated with an optical data deformation, (b) determining the locations of such state change materials on the authentic item or substrate associated with the item, and (c) declaring the item as authentic when such detection occurs and the transient optical state change material is found at the same locations as an authentic item.

As justification for rejecting the claims the Examiner cites figure 25 in Mennic. This figure does not show anything even remotely related to a method of authenticating an item having a transient optical state change material associated with it. The figure concerns itself with scanning optical patterns on a bill and matching this pattern with stored master patterns. In addition the description of figure 25 in the specification (column 43 line 57 to column 44, line 12) also limits itself exclusively to optical patterns on bills and does not mention anything even remotely related to a method of authenticating an item having a transient optical state change material associated with it.

Therefore the Examiner has failed to meet his burden to make out a case of anticipation. For all of the reasons set forth above, Applicants assert that claims 11 - 15 are patentable and not anticipated by the art of record.

- REJECTIONS UNDER 35 U.S.C. §103(a)

- Examiner's Stance

The Examiner has rejected claim 1 and 4 – 10 as being unpatentable over U.S. Patent No. 5,992,601 to Mennie *et al.* in view of U.S. Patent No. 6,547,151 to Baldi.

The Examiner states that “The teachings of Mennie have been discussed above. Mennie lacks the teaching of an integrated circuit.

Baldi teaches an IC carrier comprising an integrated circuit (col. 2, lines 13-24). One of ordinary skill in the art would have readily recognized that providing the Mennie invention with an integrated circuit would have been beneficial for providing the document with a manner of storing a large quantity of information within a minimal amount of space.

Therefore, it would have been obvious, at the time the invention was made, to modify the teachings of Mennie with the aforementioned teaching of Baldi.” (paragraph 6, page 4 of the Office Action).

- Applicants' Response

Applicants respectfully traverse the rejections of claims 1 and 4 - 10 under 35 U.S.C. §103(a) based in part upon the Applicants' assertion that one skilled in the art reading the references of record would not find obvious the subject matter of the present pending claims.

First, the Applicants note that neither U.S. Patent No. 5,992,601 to Mennie *et al.* in view of U.S. Patent No. 6,547,151 to Baldi teach an IC carrier having optical data deformations incorporated therein, where the optical data deformations are associated with a transient optical state change security material. U.S. Patent No. 5,992,601 to Mennie *et al.* concerns itself exclusively to optical patterns on bills and does not mention anything even remotely related to a method of authenticating an item having a transient optical state change material associated with it.

U.S. Patent No. 6,547,151 to Baldi teaches a *currency note* that can be authenticated by having an integrated circuit embedded in it (column 1, lines 40 – 42).

Respectfully, the addition of Baldi does not overcome the defects of U.S. Patent No. 5,992,601 to Mennie *et al.* in regard to their failure to disclose authenticating an IC card having one or more optical data deformations incorporated therein that are representative of digital data; the optical data deformations being associated with a transient optical state change security material.

In fact, the Examiner provides no motivation for combining such a references with U.S. Patent No. 5,992,601 to Mennie *et al.* The references appear to have been selected solely to find elements that arguably fit within the generic structure set forth in independent claim 1 (and therefore imported into dependent claims 4 -10).

For all of the reasons set forth above, Applicants assert that claims 1, and 4 - 10 are patentable and not obvious of the art of record.

CONCLUSION TO REMARKS

Applicants assert that this response is fully responsive to the Examiner's office action dated October 9, 2007. Applicants respectfully seek early allowance of the pending claims.

January 9, 2008

Respectfully Submitted,



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**VI. APPENDIX**

- *No appendix is intended to be attached*